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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/548,466	04/13/2000	Mukesh Dalel	020431.0691	7441

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Baker Botts LLP
2001 Ross Avenue
Dallas, TX 75201-2980

EXAMINER

KANOF, PEDRO R

ART UNIT	PAPER NUMBER
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3628

DATE MAILED: 02/11/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

7

Office Action Summary

Application No.

09/548,466

Applicant(s)

DALEL ET AL.

Examiner

Pedro R. Kanof

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 08 August 2002.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-58 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-58 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on _____ is: a) ☐ approved b) ☐ disapproved by the Examiner.
If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
* See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892) 4) ☐ Interview Summary (PTO-413) Paper No(s). _____
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948) 5) ☐ Notice of Informal Patent Application (PTO-152)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____ 6) ☐ Other: _____

DETAILED ACTION

Claim Rejections - 35 USC § 102

1. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

2. **Claims 1, 2, 5, 6, 7, 11, 15, 16, 19-21, 25, 32, 34-37, 41, 42, 45, 46, 48-51, 55 and 56 are rejected** under 35 U.S.C. 102(b) as being anticipated by Schmidt et al. (EP 0770 967) (hereafter Schmidt).

Re. Claims 1 and 15: Schmidt discloses a method of multi-enterprise optimization at a buyer and seller computers, comprising:

accessing a forecasted demand for at least one item (Page 3, line 25-page 4, line 8); generating one or more proposed flexible trade contracts using the forecasted demand for the item (Page 28, lines 35-40);

communicating each proposed flexible trade contract to a seller computer ("...generates replenishment ...report...", page 20, line 50-page 30, line 41); and

executing a flexible trade contract created after acceptance of the proposed flexible trade contract at the seller computer ("...the execution started...", Page 30, line 43-page 32, line 38).

Re. Claims 2 and 16: Schmidt discloses the method of Claims 1 and 15. Schmidt also explicitly discloses wherein each proposed flexible trade contract is selected from the group consisting of a forward contract, an option contract, and a flexible forward contract (option contract, Page 28, lines 35-40).

Re. Claim 5 and 19: Schmidt discloses the method of Claims 2 and 16. Schmidt also discloses wherein each option contract comprises an option, the option comprising at least one parameter selected from the group consisting of a maximum quantity of the item that a seller is obligated to supply; a maximum number of item types that the seller is obligated to supply; and a

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maximum number of locations where the item must be provided (Page 81, lines 4-19, "...maximal inventory...").

Re. Claims 6 and 20: Schmidt discloses the method of Claims 5 and 19. Schmidt also discloses wherein each option contract comprises a unit option contract, and wherein the parameter is selected from the group consisting of a maximum of one unit of the item; a maximum of one item type; and a maximum of one location (Page 81, lines 20-33).

Re. Claim 7 and 21: Schmidt discloses the method of Claims 5 and 19. Schmidt also discloses wherein each option contract comprises an exercise period after the execution of the option contract during which a buyer must exercise the option (Page 81, line 34-page 82, line 32).

Re. Claims 11 and 25: Schmidt discloses the method of Claim 1. Schmidt also discloses: receiving an alternate contract term from the seller computer (Col. 50, lines 45-57); accepting the alternate contract term without user input if the alternate contract term falls within a range of acceptable contract terms (Col. 50, lines 58-60); and identifying the alternate contract term as requiring user input if the alternate contract term falls outside the range of acceptable contract terms (Col. 50, line 60-col. 51, line 15).

Re. Claims 32 and 46: Schmidt discloses the method of procurement of Claims 29 and 45. Schmidt also discloses wherein each proposed flexible trade contract is selected from the group consisting of a forward contract, an option contract, and a flexible forward contract (Page 28, lines 35-40).

Re. Claims 34 and 48: Schmidt discloses the method of procurement of Claims 33 and 47. Schmidt also discloses wherein each forward contract comprises a unit forward contract, and wherein the buyer is obligated to purchase and the seller is obligated to supply a quantity of one unit of the item (Page 81, lines 20-33).

Re. Claims 35 and 49: Schmidt discloses the method of procurement of Claims 32 and 46. Schmidt also discloses wherein each option contract comprises an option, the option comprising at least one parameter selected from the group consisting of a maximum quantity of the item that a seller is obligated to supply; a maximum number of item types that the seller is obligated to supply; and a maximum number of locations where the item must be provided (Page 81, lines 4-19).

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Re. Claims 36 and 50: Schmidt discloses the method of Claims 35 and 49. Schmidt also discloses wherein each option contract comprises a unit option contract, and wherein the parameter is selected from the group consisting of a maximum of one unit of the item; a maximum of one item type; and a maximum of one location (Page 81, lines 20-33).

Re. Claims 37 and 51: Schmidt discloses the method of Claims 35 and 49. Schmidt also discloses wherein each option contract comprises an exercise period after the execution of the option contract during which a buyer must exercise the option (Page 81, line 34-page 82, line 32).

Re. Claims 55 and 56: Schmidt discloses the procurement of Claims 29 and 45. Schmidt also discloses:

receiving an alternate contract term from the seller computer (Col. 50, lines 45-57); accepting the alternate contract term without user input if the alternate contract term falls within a range of acceptable contract terms (Col. 50, lines 58-60); and

identifying the alternate contract term as requiring user input if the alternate contract term falls outside the range of acceptable contract terms (Col. 50, line 60-col. 51, line 15).

Re. Claim 45: Schmidt anticipates a supply manager for multi-enterprise optimization, comprising:

- a) a negotiation module operable to receive one or more proposed flexible trade contracts from a buyer computer (Page 3, line 26 – Page 4, line8; Page 28, line 35 – Page 31, line 37, lines 39 - 44);
- b) each proposed flexible trade contract reflecting a buyer's forecasted demand for at least one item)Page 3, line 26 – Page 4, line8; Page 28, line 35 – Page 31, line 37, lines 39 - 44);
- c) the negotiation module also operable to accept the proposed flexible trade contract to create a flexible trade contract (Page 3, line 26 – Page 4, line8; Page 28, line 35 – Page 31, line 37, lines 39 - 44); and
- d) an execution module operable to execute the flexible trade contract (Page 3, line 26 – Page 4, line8; Page 28, line 35 – Page 31, line 37, lines 39 -44).

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3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. **Claims 3, 4, 8-10, 12-14, 17, 18, 22-24, 26-29, 31-33, 38-40, 43, 44, 46, 47, 52-54, 57 and 58 are rejected** under 35 U.S.C. 103(a) as being unpatentable over Schmidt et al. (EP 0770 967) (hereafter Schmidt) in view of Shepherd (U.S. Patent No. 5,970,479).

Re. Claims 3 and 17: Schmidt discloses the method of Claims 2 and 16. However, Schmidt does not explicitly disclose wherein each forward contract comprises a quantity of the item that a buyer is obligated to purchase and a seller is obligated to supply. Shepherd discloses such as a step (Col. 2, lines 28-32). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include such a step in the Schmidt method. One would have been motivated to use such a forward contract comprises a quantity of the item that a buyer is obligated to purchase and a seller is obligated to supply in order to minimize the risk.

Re. Claims 4 and 18: Schmidt and Shepherd disclose the method of Claims 3 and 17. However, Schmidt does not explicitly disclose wherein each forward contract comprises a unit forward contract, and wherein the buyer is obligated to purchase and the seller is obligated to supply a quantity of one unit of the item. Shepherd discloses such as a step (Col. 2, lines 28-32). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include such a step in the Schmidt and Shepherd method. One would have been motivated to use such a forward contract comprises a quantity of the item that a buyer is obligated to purchase and a seller is obligated to supply in order to minimize the risk.

Re. Claims 8 and 22: Schmidt and Shepherd disclose the method of Claims 2 and 16 above. Shepherd discloses wherein each flexible forward contract comprises a total quantity of one or more items that a buyer is obligated to purchase and a seller is obligated to supply; and a plurality of subcontracts each comprising an option, each option comprising at least one parameter selected from the group consisting of a range of quantities for one item; a range of

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quantities for one item type; and a range of quantities for one location where the item must be provided (Col. 49, lines 27-40 and col. 50, lines 10-27). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include such a step in the Schmidt and Shepherd method. One would have been motivated to use such a step in order to minimize the risk.

Re. Claims 9 and 23: Schmidt and Shepherd disclose the method of Claims 8 and 22 above. Shepherd discloses wherein each flexible forward contract comprises a unit flexible forward contract, and wherein the total quantity is one unit and the parameter is selected from the group consisting of a range of zero to one unit for the item; a range of zero to one unit for the item type; and a range of zero to one unit for the location (Col. 55, lines 60-64). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include such a step in the Schmidt and Shepherd method. One would have been motivated to use such a step in order to minimize the risk.

Re. Claims 10 and 24: Schmidt and Shepherd disclose the method of Claims 8 and 22 above. Shepherd discloses wherein each flexible forward contract comprises an exercise period after the execution of the flexible forward contract during which the buyer must exercise the option (Col. 55, line 65-col. 56, line 7). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include such a step in the Schmidt and Shepherd method. One would have been motivated to use such a step in order to minimize the risk.

Re. Claims 12 and 26: Schmidt discloses the method of Claims 1 and 15. However, Schmidt does not explicitly disclose updating the forecasted demand for the item; and exercising an option in the flexible trade contract based on the updated forecasted demand. Shepherd discloses such steps (Col. 55, lines 60-64). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include such steps in the Schmidt method. One would have been motivated to use such a step in order to minimize the risk.

Re. Claims 13, 14, 27 and 28: Schmidt discloses the method of Claims 1 and 15. However, Schmidt does not explicitly disclose calculating a penalty if a seller fails to comply with a term of the flexible trade contract nor wherein communicating each proposed flexible trade contract to the seller computer comprises communicating each proposed flexible trade contract to the seller computer through an intermediary. Shepherd discloses such steps (Col. 55, line 65-col. 56, line

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7). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include such steps in the Schmidt method. One would have been motivated to use such a step in order to minimize the risk.

Re. Claims 29 and 46: Schmidt discloses a procurement manager for multi-enterprise optimization, comprising:

a negotiation module operable to receive a forecasted demand for at least one item (Page 3, line 25-page 4, line 8), and communicate the proposed flexible trade contract to a seller computer (Page 20, line 50-page 30, line 41); and an execution module operable to execute a flexible trade contract created after acceptance of the proposed flexible trade contract at the seller computer (Page 30, line 43-page 32, line 38).

However, Schmidt does explicitly disclose generate one or more proposed flexible trade contracts using the forecasted demand for the item (page 30, line 17 – Page 32, line 53).

Also, Shepherd discloses such as a step (Col. 2, lines 28-32). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include such steps in the Schmidt method. One would have been motivated to use such a step in order to minimize the risk.

Claims 31 and 32: Schmidt and Shepherd disclose the method of procurement of Claim 29. Schmidt also discloses wherein the negotiation module receives the forecasted demand from a user, and a forecast module operable to determine the forecasted demand (Page 82, line 11-page 83, line 20, and page 84, line 21-page 87, line 50).

Re. Claims 33 and 47: Schmidt discloses the method of procurement of Claims 32 and 46.

However, Schmidt does not explicitly disclose wherein each forward contract comprises a quantity of the item that a buyer is obligated to purchase and a seller is obligated to supply.

Shepherd discloses such as a step (Col. 2, lines 28-32). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include such a step in the Schmidt method. One would have been motivated to use such a forward contract comprises a quantity of the item that a buyer is obligated to purchase and a seller is obligated to supply in order to minimize the risk.

Re. Claims 38 and 52: Schmidt discloses the method of Claims 32 and 46. Schmidt also discloses wherein each flexible forward contract comprises a total quantity of one or more items

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that a buyer is obligated to purchase and a seller is obligated to supply; a range of quantities for one item; a range of quantities for one item type; and a range of quantities for one location where the item must be provided (Col. 96, lines 15-27). However, Schmidt does not explicitly disclose a plurality of subcontracts each comprising an option, each option comprising at least one parameter. Shepherd discloses such as a step (Col. 49, lines 27-col. 50, line 27). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to include such a step in the Schmidt method.

Re. Claims 39 and 53: Schmidt and Shepherd disclose the procurement manager of Claims 38 and 52. Schmidt also discloses wherein each flexible forward contract comprises a unit flexible forward contract, and wherein the total quantity is one unit and the parameter is selected from the group consisting of a range of zero to one unit for the item; a range of zero to one unit for the item type; and a range of zero to one unit for the location (Page 66, line 18-page 67, line 50).

Re. Claims 40 and 54: Schmidt and Shepherd disclose the procurement manager of Claims 38 and 52. Schmidt also discloses wherein each option contract comprises an exercise period after the execution of the option contract during which a buyer must exercise the option (Page 81, line 34-page 82, line 32).

Re. Claims 41 & 42: Schmidt discloses the procurement of Claims 29 and 45. Schmidt also discloses:

receiving an alternate contract term from the seller computer (Col. 50, lines 45-57); accepting the alternate contract term without user input if the alternate contract term falls within a range of acceptable contract terms (Col. 50, lines 58-60); and

identifying the alternate contract term as requiring user input if the alternate contract term falls outside the range of acceptable contract terms (Col. 50, line 60-col. 51, line 15).

Re. Claims 43, 44, 57 and 58: Schmidt discloses the method of procurement of Claims 29 and 45, further comprising a tracking module operable to calculate a penalty if a seller fails to comply with a term of the flexible trade contract. However, Schmidt does not explicitly disclose tracking module operable to calculate a penalty if a seller fails to comply with a term of the flexible trade contract nor a tracking module operable to calculate a penalty if a seller fails to comply with a term of the flexible trade contract. Shepherd discloses such steps (Col. 55, line 65-col. 56, line 7). Therefore, it would have been obvious to one having ordinary skill in the art at

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the time the invention was made to include such steps in the Schmidt method. One would have been motivated to use such a step in order to minimize the risk.

Response to Arguments

5. Applicant's arguments filed April 4th, 2000 have been fully considered but they are not persuasive. The key reasons for the lack of persuasiveness are outlined below for the benefit of the applicant:

a) **Re. the validity of the Schmidt reference** as prior art for a 35 USC § 102 (e) rejection is clearly stated in the excerpt of the statute printed supra.

b) **Re. applicant's arguments that certain specific components of Schmidt's prior art are invalid**, please note:

- The entire reference is the official citation and is so cited as Patent Office policy. Applicants therefore must review the entire reference if they are unsatisfied with the lines referred to in the rejection for applicant's convenience.
- The examiner is aware that the Schmidt reference is not easy to go through. It contains a great amount of detailed procedures which become like airborne chaff or electronic noise when distilling for a particularly narrow and concrete reference. Schmidt, nevertheless, is a legitimate prior art reference because it does contain the cited elements of the claims.
- **Re. Claims 1 & 15**, the Schmidt references for the challenged elements b), c) and d) meet the generic claimed limitations generically. The reference uses different language from applicant's claims language and includes much additional programming steps detail. For the convenience of the applicant, please note the following more specific locations where applicant's claim elements are specifically located:

for b) - page 35-40, also 42-48, and other lines backward and forward.

for c) - page 20, line 50 – page 30, line 41. Schmidt described many detailed iterative steps which ultimately arrive at the best quality flexible trade

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contracts to meet the customer-buyer's daily delivery requirements. This section describes the many iterations which Schmidt

for d) – This section of Schmidt describes the creation of contracts, which are normally called Purchase Orders industrial manufacturing and purchasing in the United States, stated with particular clarity on page 31, lines 26-28, lines 41-44.

- **Re. Claim 29** and applicant's challenge of the legitimacy of combining the Schmidt and Shepherd references, please note:
 - i) Schmidt's prior art does completely cover the elements of applicant's Claim 29.
 - ii) As a consequence of point I), Shepherd's art is not needed as prior art to cover any elements of Claim 1 since Schmidt's anticipations completely cover the claimed elements of Claim 1.
 - iii) Nevertheless, Shepherd's art is valid as prior art for claim element b).
- **Re. Claim 45**, the references cited for each claim element are entirely contained in Schmidt, including the element for which Shepherd is also cited (Claim 1, element b) - supra). Further, the Shepherd reference stands as valid (supra).

Conclusion

6. Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Pedro R. Kanof whose telephone number is 703-308-9552. The Examiner can normally be reached Monday through Friday, 7:30 am to 4:00 pm.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, Hyung S. Sough, can be reached on 703-308-0505.

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Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Receptionist whose telephone number is (703) 308-1113.

Any response to this action should be mailed to:

***Commissioner of Patents and Trademarks
Washington D.C. 20231***

or faxed to:

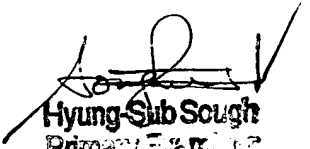
(703)305-7687 [Official communications; including
After Final communications labeled
"Box AF"]

(703) 746-8177 [Informal/Draft communications, labeled
"PROPOSED" or "DRAFT"]

Hand delivered responses should be brought to Crystal Park 5, 2451 Crystal Drive,
Arlington, VA, 7th floor receptionist.

SEC

2/10/03


Hyung Sub Soogh
Primary Examiner